

BOARD HAS PLAN TO AID FOREIGN TRADE

Will Propose to Congress That
National Banks Invest in
Export Concerns.

OWEN PROJECT OPPOSED

Plan Permits Banks to Use 5
Per Cent. of Capital and
Surplus for Purpose.

Special Dispatch to The Sun.
WASHINGTON, June 20.—A new plan for the financing of American foreign trade is to be presented to Congress by the Federal Reserve Board. In effect, the plan calls for the investment in corporations engaged in foreign trade of 1 per cent. of the capital and surplus of all the national banks of the country. The investment would afford a huge fund for the long time financing of the country's immediate and future foreign trade.

The plan was advanced by the Federal Reserve Board in lieu of the Owen plan for Government participation in foreign trade financing. The Owen plan is opposed by the board and by Secretary Glass and they will unite in urging legislation empowering national banks to invest in foreign trade financing corporations. The Reserve Board's position was made known to-day following a meeting of the executive committee of the Reserve Board advisory council.

The committee, headed by James B. Fergus of Chicago and with L. R. of Philadelphia, Daniel G. Wing of Boston and W. B. Rowe of Cincinnati, as members, after lengthy discussion with the board, issued the following statement:

Statement of Committee.
The board and the committee of the council were in entire accord that the matter of providing long term advances for Europe presented an investment rather than a banking problem and that the necessary funds must therefore come from the investment market. It was, however, the opinion of the conference that as a step towards supporting the plan of financing our foreign trade, it would be well to add a new paragraph to Section 25 of the Federal Reserve Act to permit national banks until January 1, 1921, with regard to the amount of their capital and surplus to invest not exceeding in the aggregate 5 per cent. of their capital and surplus in the stock of one or more corporations principally engaged in such business. The board would be well to add a new paragraph to Section 25 of the Federal Reserve Act to permit national banks until January 1, 1921, with regard to the amount of their capital and surplus to invest not exceeding in the aggregate 5 per cent. of their capital and surplus in the stock of one or more corporations principally engaged in such business. The board would be well to add a new paragraph to Section 25 of the Federal Reserve Act to permit national banks until January 1, 1921, with regard to the amount of their capital and surplus to invest not exceeding in the aggregate 5 per cent. of their capital and surplus in the stock of one or more corporations principally engaged in such business.

COULD RAISE \$100,000,000 CAPITAL.

The national banks of the country have to-day combined capital and surplus of very nearly \$100,000,000. If all of them chose to invest in foreign trade financing corporations a capital for such corporations of \$100,000,000 would be provided. There were on March 4, 1914 national banks with a combined capital and surplus of \$1,960,938,000, which has increased to date to approximately \$100,000,000.

The national banks, under the amendment proposed, would not be forced to invest with capital or surplus in foreign trade corporations, but would be at liberty to accept anything that looked like a good opportunity.

While there is a definite time limit for investment in capital and surplus, that the capital and surplus so invested must be liquidated by January 1, 1921. Sums invested up to that date can be reinvested in the stock of corporations organized or selected.

Secretary Glass and all of his advisors on the Federal Reserve Board and the advisory council are convinced that the need for investment and not lending and loans will not be encouraged. They are likewise a unit in opposition to so-called paternalism and the granting of the Government's assistance or sponsor for the operations undertaken. The members favor out and out private initiative. They regard the foreign trade situation as a matter of opportunity for sale and substantial investment and an opportunity for American investors.

SUBJECT MUCH DISCUSSED.

Financing plans for foreign trade have been the principal topic of discussion among bankers and financiers for several months. Amendment of the Federal Reserve act to permit bank investment in export concerns has been the subject of much discussion in that direction and to bring legislation to a concrete basis.

While Congress may feel called on to legislate to determine the character of organizations for foreign trade financing in which the national banks may participate, the reserve board has up to the present time left the question open for wide discussion.

It was the sense of the conference to-day that the banks be permitted to invest in the stock of one or more corporations principally engaged in foreign trade financing or the export of goods from the United States.

BIDS FOR PATTERSON BONDS.

When Patterson's Board of Finance Commissioners yesterday opened bids for \$24,520,112 worth of 4 1/2 per cent. Panama Valley trunk sewer bonds they had but one offer, from George B. Gibbons & Co. of New York, for \$24,520,112.

The bid was for \$24,520,112, the bidder offered to take the block of \$24,520,112 outright, but on the remainder asked for a twenty day option, during which time the firm would endeavor to dispose of the bonds. In the event of failure to do so it would withdraw without obligation and permit the city to dispose of the \$24,520,112 balance in Patterson bonds, which is understood, will accept them at par.

The offer probably will be accepted, as the members of the commission realize that the lack of bids is entirely due to the low rate of interest the bonds carry. Representatives of several other firms assured them more bids and better premiums would be offered had the rate of interest been fixed at 4 1/2 per cent.

PROPOSE NATIONAL BUILDING LOAN PLAN

Bill Introduced in Congress Calls for Eleven Federal Bank Institutions.

Special Dispatch to The Sun.
WASHINGTON, June 20.—A revised bill providing for a national building loan system and establishment of eleven Federal building loan banks was introduced to-day by Representative Nolan, California. The bill is the former Labor Department measure re-drafted and amended by a subcommittee of the legislative committee of the United States League of Building and Loan Associations.

The country is short a million homes, owing to suspended building operations during the war. Mr. Nolan announced, and building and loan associations have many more applications for loans than they can meet. The bill would supply that deficiency in funds. The bill provides for the establishment of eleven Federal building loan banks, one in each of the eleven districts. In each of which a Federal building loan bank may be operated in accordance with the plan of the Federal Reserve Board. The bill would be well to add a new paragraph to Section 25 of the Federal Reserve Act to permit national banks until January 1, 1921, with regard to the amount of their capital and surplus to invest not exceeding in the aggregate 5 per cent. of their capital and surplus in the stock of one or more corporations principally engaged in such business.

MAY EXPORTS DECREASE.

Total is \$600,000,000, a Decline of \$100,000,000 From April.

Exports for May totaled \$600,000,000, a falling off of \$100,000,000 from the record set in April, but an increase of \$55,000,000 from May, 1918. The Bureau of Foreign Commerce yesterday, for the eleven months ended with May, the export trade for the corresponding period in 1918 and 1919. The total for the eleven months ended with May, the export trade for the corresponding period in 1918 and 1919. The total for the eleven months ended with May, the export trade for the corresponding period in 1918 and 1919.

LONDON MONEY MARKET.

LONDON, June 20.—Bar silver 54 1/2 d. The market is expected to stimulate interest in that direction and to bring legislation to a concrete basis.

PENNSYLVANIA CREDIT MARKET.

On City, June 20.—Credit balances. \$4,000,000; average, \$7,150. Discounts, 4 1/2 per cent. Much of the coal

BID AND ASKED QUOTATIONS.

UNITED STATES GOVERNMENT BONDS.		Bid Asked
2a. registered	99 1/2 99 3/4
2b. coupon	99 1/2 99 3/4
3a. registered	99 1/2 99 3/4
3b. coupon	99 1/2 99 3/4
4a. registered	100 1/2 100 3/4
4b. coupon	100 1/2 100 3/4
5a. Panama, 1936, coupon	99 1/2 99 3/4
5b. Panama, 1938, registered	99 1/2 99 3/4
5c. Panama, 1938, coupon	99 1/2 99 3/4
6a. Panama, registered	99 1/2 99 3/4
6b. Phil. 1st. land purchase 4a, 1934	99 1/2 99 3/4
6c. Phil. 1st. public works 4a, 1934	99 1/2 99 3/4
6d. Phil. 1st. public works 4b, 1934	99 1/2 99 3/4
6e. District of Columbia 3.65a	97 1/2 97 3/4
FOREIGN BONDS.		
Amer. Foreign Ser. Co. 3a, 1919	99 1/2 99 3/4
Argentine Intern. 3a, 1919	97 1/2 97 3/4
Argentine Intern. 3a, 1946	94 1/2 94 3/4
Argentine Intern. 3a, 1952	94 1/2 94 3/4
Canada, Dominion of 1931	97 1/2 97 3/4
Canada, Dominion of 1936	98 1/2 98 3/4
Canada, Dominion of 1938	98 1/2 98 3/4
Cuba Extern. 3a, 1944	98 1/2 98 3/4
Cuba Extern. 3a, series A, 1944	101 1/2 101 3/4
Cuba Extern. 4a, series A, 1944	97 1/2 97 3/4
French, 1919	97 1/2 97 3/4
French, 1920	97 1/2 97 3/4
French, 1921	97 1/2 97 3/4
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